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SUBJECT: JORDAN/ISRAEL/QIZ QUARTERLY MEETING LOOKS FOR WAYS TO KEEP  
QIZ PRGRAM ACTIVE

¶1. (U) Jordan and Israel held their uarterly Qualified Industrial Zones (QIZ) meetin in Jerusalem on February 4th to review the secod and third quarter of 2009. 26 companies were aproved to continue exporting under the QIZ program. Six companies did not meet the eight percent Israeli content requirement and will have to fulfill the content requirement in the first quarter of 2010 in order to continue exporting under the QIZ program, a concession that has not been made explicit in the past. Three companies lost their privilege of exporting under the QIZ program.

¶2. (SBU) The meeting was marked by the surprising absence of Secretary General of the Jordanian Ministry of Industry and Trade Muntasir Oklah. According to the GOI, the meeting had been rescheduled four times to accommodate Oklah's schedule and this is the third quarterly meeting that he has missed. Nevertheless, the meeting was a lively exchange of views regarding the future of the QIZ, now that Jordan's Free Trade Agreement (FTA) with the United States has diminished the free trade benefits to exporting through the QIZ. Both countries agreed informally that meetings would take place less frequently (around twice per year).

¶3. (SBU) A pleasant surprise was that several companies still intend to use the QIZ for their exports, as there is a perceived added advantage at expediting QIZ goods through U.S. customs. Both countries agreed that Jordan would draft a letter to its QIZ companies, reinforcing that the QIZ program was still functioning. Gabi Bar, principle GOI interlocutor for the QIZ, confided in an aside to Econoff that Jordanian companies might still need the QIZ, as they could face difficulties in meeting the 35 percent Jordanian content requirement in the U.S. FTA. In addition, QIZ products do not require Jordanian exporters to carry costs for a significant period of time due to geographic proximity.

¶4. (SBU) In addition to the QIZ, there was a brief discussion on future Israeli investments in Jordan, including a large potential investment in solar panels. The discussion then moved to Jordanian exports to the Palestinian Authority (PA). In a recent meeting with the new Israeli Ambassador to Jordan, Oklah delivered a non-paper outlining specific difficulties Jordan faces in exporting to the PA, including: Jordanian beef; returning Palestinian products imported through Israel; working hours at the borders; standards; and renegotiating the A1 and A2 lists within the context of the Paris Protocol. The two sides were able to engage in constructive dialogue on these issues and agreed on a way forward.  
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